

## Message Text

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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 L-01 EB-03 TRSE-00 CIEP-01 COME-00

SP-02 NSC-05 NSCE-00 INR-05 INRE-00 SSO-00 /038 W  
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FM AMEMBASSY LIMA

TO SECSTATE WASHDC 7723 IMMEDIATE

C O N F I D E N T I A L LIMA 9618

LIMDIS

FOR ARA - ALFRED FISHLOW; L - MONROE LEIGH; EB -NTHOMAS  
ENDERS; TREASURY - JOHN BUSHNELL: CIEP - WAYNE SHARPE:  
COMMERCE - DAN ARRILL: S/P - LUIGI EINAUDI

E.O. 11652: GDS

TAGS: EINV, EIND, EMIN, NPFOR, PE

SUBJECT: MARCONA - CALL ON FOREIGN MINISTER DE LA FLOR

REF: STATE 273573

1. AT HIS REQUEST I CALLED ON FONMINISTER DE LA FLOR  
AT 4:45 P.M. TODAY (NOVEMBER 19). HIS FIRST POINT WAS  
THAT HE WANTED TO TELL ME OF THE IMPENDING VISIT OF  
MINCOMMERCE ARIAS GRAZIANI TO WASHINGTON DECEMBER 1 - 3.  
HE EXPRESSED HOPE THAT DEPARTMENT COULD ASSIST IN  
APPOINTMENTS WITH OUR SECRETARY OF COMMERCE AND/OR  
AGRICULTURE AS NECESSARY TO DISCUSS CCC CREDIT FOR  
GRAINS (CEREALES). HE INDICATED THIS WOULD BE  
CONTINUATION OF \$ 28 MILLION GRAIN ARRANGEMENTS MADE  
BY ARIAS GRAZIANI DURING LAST VISIT TO WASHINGTON.

2. FONMIN ALSO ASKED THAT WE ASSIST IN SETTING UP  
MEETING BETWEEN ARIAS AND FISHLOW, EINAUDI AND HEW  
RYAN TO DISCUSS (NOT NEGOTIATE) MARCONA QUESTION. HE  
SAID HE HAD ALREADY CABLED THESE REQUEST TO CHARGE  
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RAMOS BUT WOULD APPRECIATE DEPARTMENT'S ASSISTANCE.

3. WITHOUT ANY PROMPTING ON MY PART DE LA FLOR THEN MADE FOLLOWING POINTS CONCERNING LAST WEEK'S MARCONA NEGOTIATIONS IN LIMA. HE LAMENTED THAT IT WAS NOT POSSIBLE TO REACH AGREEMENT CONCERNING COMMERCIALIZATION OF HIERROPERU IRON ORE BUT EXPLAINED AGAIN THAT IT WAS POLITICALLY IMPOSSIBLE FOR PERU TO SIGN A LETTER OF AGREEMENT WHICH IN ESSENCE TURNED SALES OVER TO MARCONA. THIS RAN COUNTER TO ARTICLE 9 OF EXPROPRIATING DECREE LAW. HE SAID THE PURPOSE OF THE CONVERSATIONS WAS REALLY NOT TO ESTABLISH AN AGREEMENT FOR COMMERCIALIZATION (ALTHOUGH AN EARLY ARRANGEMENT FOR HIERROPERU SALES WAS UNDOUBTEDLY DESIRABLE) BUT WAS TO FIND A JUST-PRICE FORMULA. HE THEN REPEATED HIS ARGUMENT THAT THE MARCONA QUESTION REPRESENTS A TUMOR (MALIGNANT AT THAT) FOR PERU WHILE ONLY A CYST TO THE US.

4. THROUGHOUT THE CONVERSATION I REFRAINED FROM RESPONDING TO VARIOUS DEBATING POINTS MADE BY FONMIN (HE HAS HEARD OUR COUNTER ARGUMENTS MANY TIMES BEFORE), BUT MERELY SAID THAT FISHLOW LOOKED FORWARD TO DE LA PUENTE'S VISIT EARLY NEXT MONTH TO WASHINGTON TO CONTINUE CONVERSATIONS AND TO SEE WHAT SUGGESTIONS THE GOP MAY HAVE TO MAKE TOWARDS A SOLUTION. TO THIS THE FOREIGN MINISTER RESPONDED THERE WAS NO INTENTION TO SEND DE LA PUENTE TO WASHINGTON, THAT FISHLOW HAD EXTENDED AN INVITATION BUT THAT IT HAD NOT BEEN ACCEPTED. AT THIS POINT I EXPRESSED MY SURPRISE AND REPEATED WHAT FISHLOW HAD TOLD ME OF HIS CONVERSATION WITH DE LA PUENTE BEFORE DEPARTURE LAST FRIDAY EVENING. FORMIN SUGGESTED IT MIGHT HAVE BEEN MISUNDERSTANDING BECAUSE HE HAD BEEN BRIEFED BY DE LA PUENTE AND HAD ON HIS DESK A BRIEFING PAPER CONCERNING THE CONVERSATIONS (WHICH, HOWEVER, HE ADMITTED HE HAD NOT YET READ). FONMIN SAID IT HAD BEEN CUSTOMARY AND WAS CONVENIENT TO PERU TO HAVE SUCH NEGOTIATIONS TAKE PLACE IN LIMA. HE SAID HE WOULD NORMALLY CALL DE LA PUENTE TO QUERY HIM ON THIS POINT BUT THIS WAS NOT POSSIBLE SINCE HE HAD GIVEN HIM PERMISSION TO TAKE A WEEK'S LEAVE IN BUENOS AIRES. HE ADDED THAT DE LA PUENTE IS EXPECTED TO RETURN THIS

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COMING SUNDAY. IN ANY CASE ARIAS GRAZIANI WILL BE IN WASHINGTON SOON AND ABLE TO DISCUSS THE MARCONA PROBLEM FURTHER.

5. AT THIS POINT I GAVE FONMIN THE FISHLOW LETTER WITH ALL OF ITS ATTACHMENTS. HE MUMBLED TO HIMSELF AS HE READ THE SPANISH TRANSLATION OF THE LETTER WHICH, HE ASSERTED AMONG OTHER THINGS TENDED TO CONFIRM THERE WAS SOME MISUNDERSTANDING REGARDING DE LA PUENTE'S VISIT.

HE DISCUSSED THE MESSAGE HE HAD SENT TO HIS CHARGE IN WASHINGTON FOR DELIVERY TO THE STATE DEPARTMENT INDICATING THE GOP'S DESIRE TO CONTINUE THE DIALOGUE. EVIDENTLY REALIZING THE FULL PURPORT OF FISHLOW'S LETTER, HE SAID HE INTENDED TO TAKE IT UP SOON WITH THE PRIME MINISTER AND/OR THE PRESIDENT.

6. I MENTIONED MY CONVERSATION WITH PRESIDENT MORALES BERMUDEZ, THE PRIME MINISTER AND CERTAIN OTHER CABINET MINISTERS ON OCCASION OF THEIR VISIT LAST SATURDAY TO THE US PAVILLION AT TRADE FIAR IN WHICH THE MARCONA QUESTION AROSE AND THE POSSIBILITY OF DE LA PUENTE'S VISIT WAS DISCUSSED. FONMIN REFERRED AGAIN TO ARIAS PLANNED VISIT TO WASHINGTON AND ADDED THAT AMBASSADOR GARCIA BEDOYA WHO IS ALSO KNOWLEDGEABLE ON MARCONA WOULD PROCEED TO WASHINGTON AROUND DECEMBER 1. HE EXPRESSED HOPE THAT GARCIA BEDOYA WOULD BE ABLE TO PRESENT CREDENTIALS WITHOUT UNDUE DELAY. HE SAID THAT PERU IS DEFINITELY INTERESTED IN CONTINUING THE DIALOGUE ON THE MARCONA PROBLEM.

DEAN.

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## Message Attributes

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